MEMORANDUM **JUNE 25, 1987**

Doc 4923

TO: BOSTON REDEVELOPMENT AUTHORITY AND
STEPHEN COYLE, DIRECTOR

FROM: JOHN R. LEIGH, ASSISTANT DIRECTOR
HARBOR PLANNING AND DEVELOPMENT
PAUL REAVIS, ASSISTANT DIRECTOR
DESIGN AND ENGINEERING SERVICES
JAMES F. ENGLISH, DEPUTY DIRECTOR
HARBOR PLANNING AND DEVELOPMENT

SUBJECT: CHARLESTOWN NAVY YARD
FINAL DESIGNATION OF REDEVELOPER
AUTHORIZATION TO EXECUTE DOCUMENTS NECESSARY
FOR CONVEYANCE OF PIER 5, PARCEL 1B

SUMMARY: Memorandum requesting Final Designation of Immobiliare New England as redeveloper of Pier 5 (Parcel 1B) in the Charlestown Navy Yard. Further, that the Director be authorized to amend the 1978 Land Disposition Agreement, to reflect the additional dwelling units, increased parking, and inclusion of retail space in the development program. Finally, that the Director be authorized to execute a deed to the parcel and any additional documents as may be necessary to effectuate the conveyance of the parcel.

As you are aware, Immobiliare New England has undertaken the phased redevelopment of the New Development Area at the Charlestown Navy Yard. In accordance with the Land Disposition Agreement executed December 7, 1978, as amended on July 12, 1984, Immobiliare is now seeking the conveyance of title to Pier 5, Parcel 1B, in the New Development Area at the Charlestown Navy Yard to facilitate the development of 110 residential units, 35,000 square feet of retail space, 100 parking spaces and a public pedestrian walkway along the entire perimeter of the pier. Total development cost for the project will be approximately $35 million. The residential units, retail space and parking are to be located in two structures on Pier 5 the height of which will be limited to 55 feet to the cornice lines and 84 feet to the ridge lines. As the attached site plan indicates Parcel 1B includes both Pier 5 and the associated water area between Pier 5 and Pier 4. The proposed increase in the development program has been fully reviewed and approved by both the Housing and Development Committee of the Charlestown Neighborhood Council on June 17, and the full Neighborhood Council on June 23.

Under the original Land Disposition Agreement, as amended, Immobiliare was granted the right to construct a total of 66 residential units and associated parking on the pier. The increase in the number of housing units from the number envisioned in 1978 is a reflection of the dramatically increased

viability of the residential development in the Navy Yard in the past nine years. While the number of parking spaces proposed exceeds the one to one standard of previous Navy Yard projects, it is the intention of the developer that any additional demand for parking will be accomodated in Building 197. The inclusion of retail space is proposed both to activate the pier by encouraging public access and to screen the parking from the view of persons visiting the pier.

In accordance with the terms and conditions of the existing Land Disposition Agreement, the Authority will receive 4% of the gross sales price of each of the condominium units at the time of the sale of each unit. As the gross sales price of the condominiums is expected to be approximately $44,000,000, the Authority is expected to receive a payment in excess of $1,600,000 out of the sale proceeds. In addition, Immobiliare has agreed to the inclusion of a restriction in each condominium deed whereby the Authority would receive 4% of the incremental increase in sale price of any unit sold within six months of the original sale and 2% of the gross sales price of any unit sold thereafter. In addition to these payments, the Authority will receive a payment for the development rights to the 44 incremental housing units, equalling $15,000 per unit or $660,000 in the aggregate. The aforementioned agreement also requires that Immobiliare pay to the Authority the sum of $165,000 at the start of construction on the project.

The deed to be executed for this project will include public easements granted to the Authority which will guarantee permanent public access to the public improvements to be constructed on the pier by Immobiliare. In accordance with the agreement approved by the Authority Board on June 12, 1986, the developer is satisfying the affordable housing obligations of this project through the utilization of a portion of the proceeds of this project to finance the construction of affordable housing units on Parcel 4A at the Navy Yard (the Bricklayers site). The specific terms and conditions of Immobiliare participation in this affordable housing development are outlined in a related memorandum submitted to the Board today.

In order to facilitate the development of this project three actions are recommended. First, it is recommended that Immobiliare New England be granted Final Designation as redeveloper of the site. Second, an amendment to the Land Disposition Agreement is necessary to recognize the change in the development program to include additional dwelling units, increased parking and the inclusion of retail space. This amendment is to be achieved through certain revision to the Development Schedule, a draft of which is attached for your review. It is also recommended that the Director be authorized to execute a deed to the parcel and further to execute additional documents as may be necessary to effectuate such conveyance including a Partial Release of the parcel, a Certificate of Estoppel and two Notifications of Credit to the Authority's mortgage obligation. Finally, it is recommended that the developer be authorized to apply for any zoning variances necessary for this project

An appropriate resolution is attached.

Doc. #4923
6/25/87

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY
RE: FINAL DESIGNATION OF IMMOBILARE NEW ENGLAND
CHARLESTOWN URBAN RENEWAL AREA,
MASS. PROJECT NO. R-55; CHARLESTOWN NAVY YARD
PARCEL 1B

WHEREAS, the Boston Redevelopment Authority, (hereinafter referred to as the "Authority"), has entered into a contract for loan and capital grant with the Federal Government under Title I of the Housing Act of 1949, as amended, which contract provides for financial assistance in the hereinafter identified Project; and

WHEREAS, the Urban Renewal Plan for the Charlestown Urban Renewal Area, Project No. Mass. R-55, (hereinafter referred to as the "Project Area"), has been duly reviewed and approved in full compliance with local, State and Federal law; and

WHEREAS, the Authority is cognizant of the conditions that are imposed in the undertaking and carrying out of Urban Renewal projects with Federal financial assistance under said Title I, including those prohibiting discrimination because of race, color, sex, religion or national origin; and

WHEREAS, IMMOBILIARE NEW ENGLAND, has expressed an interest in and has submitted a satisfactory proposal for the development of Disposition Parcel 1B in the Charlestown Navy Yard; and

WHEREAS, the Authority is cognizant of Chapter 30, Sections 61 through 62H of the Massachusetts General Laws, as amended, with respect to minimizing and preventing damage to the environment:

NOW, THEREFORE, BE IT RESOLVED BY THE BOSTON REDEVELOPMENT AUTHORITY:

1. That IMMOBILIARE NEW ENGLAND be and hereby is finally designated as Redeveloper of Parcel 1B in the Charlestown Navy Yard.

2. That it is hereby determined that IMMOBILIARE NEW ENGLAND possesses the qualifications and financial resources necessary to acquire and develop the land in accordance with the Urban Renewal Plan for the Project Area.

3. That disposal of said Parcel by negotiation is the appropriate method of making the land available for redevelopment.

4. That it is hereby found and determined that the proposed development will not result in significant damage to or impairment of the environment and further, that all practical feasible means and measures have been taken and are being utilized to avoid or minimize damage to the environment.

5. That the Director is hereby authorized for and in behalf of the Boston Redevelopment Authority to execute and deliver a Deed conveying Parcel 1B to said IMMOBILIARE NEW ENGLAND to execute additional documents as may be necessary to effectuate such conveyance, including, but not limited to, a Partial Release of the parcel, a Certificate of Estoppel and a Notification of Credit to the Authority's mortgage obligation, said documents to be in the Authority's usual form.

6. That the Director is hereby authorized to execute an amendment to the Land Disposition Agreement dated December 7, 1978, as amended, between the Authority and IMMOBILIARE NEW ENGLAND to recognize a change in the development program previously approved for said parcel; and

7. That IMMOBILIARE NEW ENGLAND be and hereby is authorized to apply for zoning variances necessary to development of this project.

8. That the Secretary is hereby authorized and directed to publish notice of the proposed disposal transaction in accordance with Section 105(E) of the Housing Act of 1949, as amended, including information with respect to the "Redevelopers's Statement for Public Disclosure" (Federal Form H-6004).

EXHIBIT J

DEVELOPMENT SCHEDULE
(Immobiliare New England Activities)

Acquisition of the Phases of the Project are proposed to be accomplished in accordance with the following timetable. The cash payment to be made for each Phase is set forth in a separate column entitled "ACQUISITION PRICE", except that upon the repayment in full of the Authority's $1,740,000 Note referred to in Section 2.02 of the Agreement to which this is an exhibit (whether pursuant to Section 2.10 or otherwise), the Acquisition Price for all phases not then acquired by Developer for which a Development Plan has been established shall be automatically amended to $1 each.

Commencement of Construction of each Phase shall occur no less than thirty (30) days after acquisition of such Phase. The Projected Acquisition Dates set forth herein are subject to extension in certain instances more particularly described in the Agreement.

Phase	Projected Acquisition Date	Parcel Number	Parcel Description and Use	Acquisition Price
I	5/79 **(Acquired)**	2A	Building 40/42: 368-Unit apartment building; 362-car garage; and waterfront park	$100,000
IA	3/82 **(Acquired)**	2C	Public Pedestrian Walkway	$1
		1B1	Water area between Piers 5 and 6 - Marina	$1
		2B	Pier 6 - Marina and Public Pedestrian easement	$1,000
		2B1	Water area between Piers 6 and 7 - Marina	$1
		3D	Public Pedestrian Park	$1
II	**7/87**	1A	Building 197: **212-Unit condominium** complex, approx. **30,000 sq.ft. of retail space** and **460** car garage	$165,000 at time of acquisition **(See Notes 3 and 4 below)**
	7/87	1C	Public Pedestrian Walkway	$1
III	4/84 **(Acquired)**	3A	Building 103: 112-unit elderly housing apartment renovation	$200,000

Phase	Projected Acquisition Date	Parcel Number	Parcel Description and Use	Acquisition Price
IV	1/84 **(Acquired)**	3A	Shipway One: Townhouses 21-Units	$37,500 at time of acquisition **(See Note 3 below)**
		3F	Shipway Open Space Park	$1
IV-A	6/84 **(Acquired)**	3H and 3K	Shipway Two: 27-unit Townhouse development; approx. 8,000 sq.ft. of office space below, storage, 200-car parking garage	$50,000 at time of acquisition **(See Note 3 below)**
		3G	Public Pedestrian Walkway	$1
V	10/84 **(See Note 2 below)**	3I	Building 104: 48-unit elderly housing apartment renovation and recreation facility	$70,000
VI	4/85 **(Acquired)**	3B	Pier 7: Development of 70 Townhouse units	$1,000
VI-A	4/85 **(Acquired)**	3B1	Water area between Piers 8 and 9 - Marina use	$1
		3C1	Water area between Piers 8 and 9 - Marina use	$1
		3C	Pier 8 - Marina	$1,000
		3J	Public Pedestrian Walkway	$1
VIII	**7/87**	1B	Pier 5: Development of **110 residential condominium** units; **and associated parking; approx. 35,000 sq.ft. of retail and restaurant space**	$1,000 **(See Notes 3 and 5 below)**
VIII	4/87	4A	384 unit Midrise and Townhouse complex with 339-car parking garage	$560,000 at time of acquisition
		4B	Pier 9 and 10 - Marina	$1,000
		4C	Public Pedestrian Walkway	
		4D	Public Pedestrian Walkway	
		4E	Public Pedestrian Walkway and Private Access Road	

(1) Since Piers 5 and 7 are designed only for recreation use, Developer must pay to Authority, if it elects to develop such Piers, an amount equal to $1,500 per unit at the time building permits are issued with respect to such unit, and thereafter at the time such unit is conveyed to a third party, an amount equal to four percent (4%) of the Gross Sales Price of such unit in addition to the Acquisition Price hereunder.

(2) Acquisition date subject to availability of appropriate subsidies, financing and other appropriate benefits necessary or appropriate to develop elderly housing units.

(3) Upon conveyance of any Condominium or Cooperative Unit in the Buy Parcel to an arm's-length third party, Developer will pay to Authority, in addition to the Acquisition Price hereunder;

(a) four percent (4%) of the Gross Sales Price of such Unit, and

(b) in lieu of a tax adjustment, a pro-rata amount of the taxes which would have been payable to the City of Boston if such parcel had not been exempt from taxation, for that portion of the current tax year during which the Cooperative or Condominium owner has title and possession, and Developer will also obtain the written undertaking of such party to pay a similar pro-rata portion of such taxes for any subsequent tax year for which such party has not yet been assessed as the Owner of such Condominium Unit or Cooperative. This payment in lieu of taxes shall be computed using the purchase price of the unit as the assumed assessment on the unit and using the tax rate for the current year, if it is known, or, if not known, the most recently established tax rate for residential classifications of property in the City of Boston.

Such payments to the Authority shall be made as follows at the option of the Authority:

(a) Payment shall be made to the Authority at the time of conveyance of each unit to the third party,

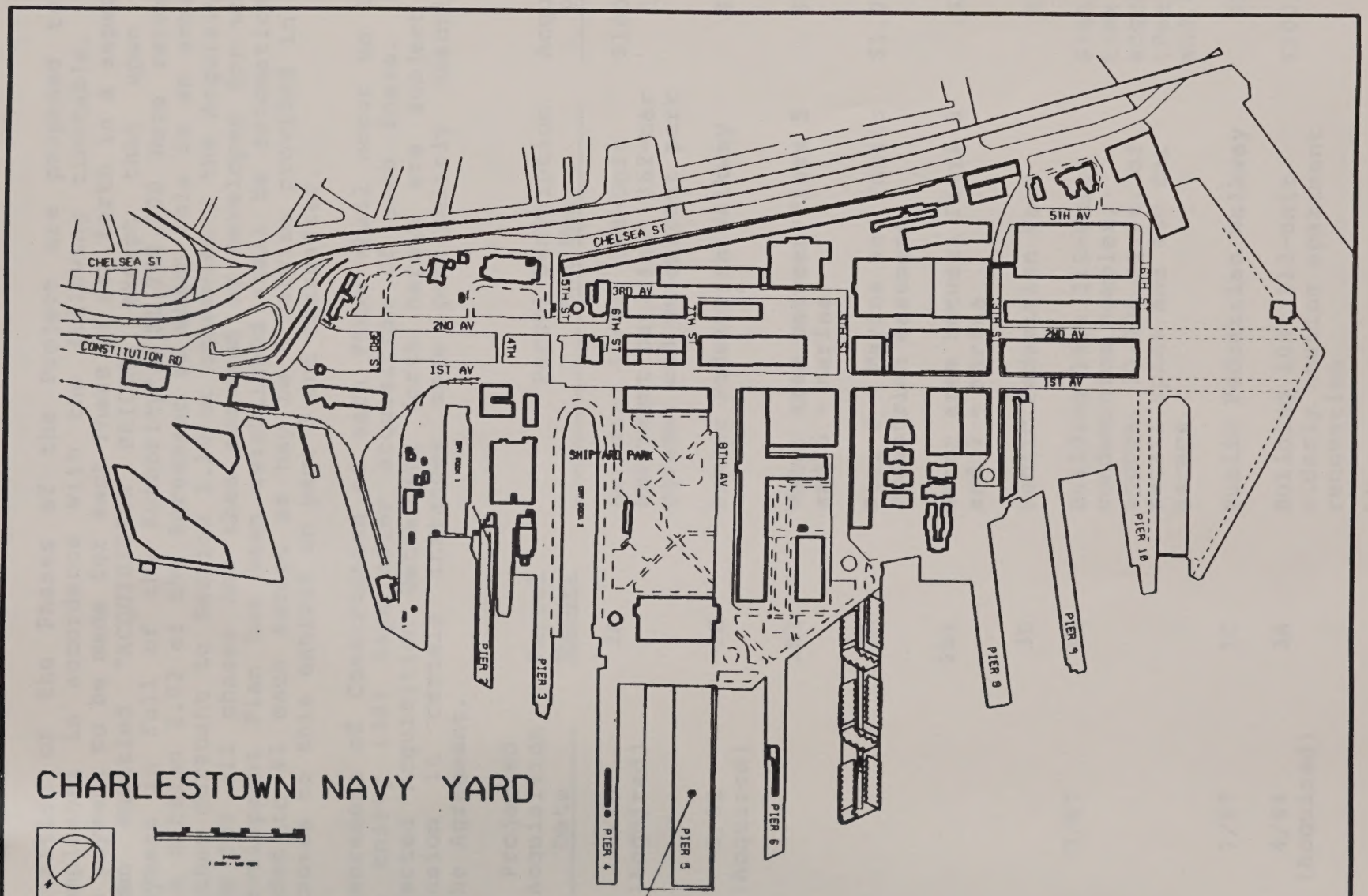
or

(b) Amount otherwise due on sale of units shall be placed in an interest-bearing escrow account in Developer's name, and payment shall be made therefrom to the Authority, with accrued interest, on the first day of each calendar quarter.

(4) For each additional condominium unit constructed above the originally contemplated total of 154, developer shall pay to the Authority an amount equal to $15,000 per unit upon the conveyance of any condominium unit in the project to an arm's length third party. Developer shall include in any deed to each condominium in the entire project a requirement that in the event of any subsequent resale of such unit within six months of the initial sale, the seller of such unit shall be required to pay to the Authority an amount equal to 4% of the difference between the original sale price and the resale price and further that in the event of any resale after six months from the date of the original sale, the seller of such unit shall be required to pay to the Authority an amount equal to 2% of the gross sales price of said unit.

(5) For each additional condominium unit constructed above the originally contemplated total of 66, developer shall pay to the Authority an amount equal to $15,000 per unit upon the conveyance of any condominium unit in the project to an arm's length third party. Developer shall include in any deed to each condominium in the entire project a requirement that in the event of any subsequent resale of such unit within six months of the initial sale, the seller of such unit shall be required to pay to the Authority on amount equal to 4% of the difference between the original sale price and the resale price and further that in the event of any resale after six months from the date of the original sale, the seller of such unit shall be required to pay to the Authority an amount equal to 2% of the gross sales price of said unit.

N.B. This is a draft agreement only, the highlighted portions represent suggested changes to the existing agreement.



CHARLESTOWN NAVY YARD

PARCEL 1B (PIER 5)
(158,401 s.f.)

EXHIBIT J

as amended at 6/25/87 meeting

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(Immobiliare New England Activities)

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(3) Upon conveyance of any Condominium or Cooperative Unit in the Buy Parcel to an arm's-length third party, Developer will pay to Authority, in addition to the Acquisition Price hereunder;

(a) four percent (4%) of the Gross Sales Price of such Unit, and

(b) in lieu of a tax adjustment, a pro-rata amount of the taxes which would have been payable to the City of Boston if such parcel had not been exempt from taxation, for that portion of the current tax year during which the Cooperative or Condominium owner has title and possession, and Developer will also obtain the written undertaking of such party to pay a similar pro-rata portion of such taxes for any subsequent tax year for which such party has not yet been assessed as the Owner of such Condominium Unit or Cooperative. This payment in lieu of taxes shall be computed using the purchase price of the unit as the assumed assessment on the unit and using the tax rate for the current year, if it is known, or, if not known, the most recently established tax rate for residential classifications of property in the City of Boston.

Such payments to the Authority shall be made as follows at the option of the Authority:

(a) Payment shall be made to the Authority at the time of conveyance of each unit to the third party,

<u>or</u>

(b) Amount otherwise due on sale of units shall be placed in an interest-bearing escrow account in Developer's name, and payment shall be made therefrom to the Authority, with accrued interest, on the first day of each calendar quarter.

(4) For each additional condominium unit constructed above the originally contemplated total of 154, developer shall pay to the Authority an amount equal to $15,000 per unit, such amount to be due and payable on June 25, 1987; at the option of the developer payment of such amounts may be deferred until the conveyance of the unit to an arm's length third party provided that such amounts shall accrue interest from the date of this amendment until paid; such interest to be calculated monthly at the prime rate of interest as published in the Wall Street Journal from time to time plus two points. Developer shall include in any deed to each condominium in the entire project a requirement that in the event of any subsequent resale of such unit within six months of the initial sale, the seller of such unit shall be required to pay to the Authority an amount equal to 4% of the difference between the original sale price and the resale price and further that in the event of any resale after six months from the date of the original sale, the seller of such unit shall be required to pay to the Authority an amount equal to 2% of the gross sales price of said unit.

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